

United States Bankruptcy Court

Western District of Washington

In re Timothy Eyman,
Debtor

Case No. 18-14536-MLB

Individual Case under Chapter 11

TIMOTHY EYMAN'S PLAN OF REORGANIZATION

Dated December 6, 2018

ARTICLE I **SUMMARY**

This Plan of Reorganization (the "Plan") under chapter 11 of the Bankruptcy Code (the "Code") proposes to pay creditors of Timothy Eyman (the "Debtor").

This Plan provides for two (2) class of unsecured claims; and one (1) class of equity security holders. Unsecured creditors holding allowed claims will receive distributions under Class 1, which the proponent of this Plan has valued at approximately 75 cents on the dollar. Class 2 is estimated, unliquidated, and disputed, but the claim is treated as not dischargeable if a final nonappealable judgment is entered against the Debtor. This Plan also provides for the payment of administrative claims in full on the effective date of the Plan.

All creditors and equity security holders should refer to Articles III through VI of this Plan for information regarding the precise treatment of their claim. A disclosure statement that provides more detailed information regarding this Plan and the rights of creditors and equity security holders has been circulated with this Plan. **Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)**

ARTICLE II **CLASSIFICATION OF CLAIMS AND INTERESTS**

- 2.01 Class 1. The liquidated unsecured claim of Klinedinst, PC, allowed under § 502 of the Code.
- 2.02 Class 2. The unsecured, estimated, unliquidated, and disputed claim of the State of Washington arising from *State v. Tougher to Raise Taxes, et al.* (Thurston County Superior Court case no. 16-2-03891-34) and *State v. Eyman, et al.* (Thurston County Superior Court case no. 17-2-01546-34), allowed under § 502 of the Code.
- 2.03 Class 3. The interests of the individual Debtor in property of the estate.

ARTICLE III
TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS,
U.S. TRUSTEES FEES, AND PRIORITY TAX CLAIMS

3.01 Unclassified Claims. Under section §1123(a)(1), administrative expense claims, and priority tax claims are not in classes.

3.02 Administrative Expense Claims. Each holder of an administrative expense claim allowed under § 503 of the Code will be paid in full on the effective date of this Plan (as defined in Article VII), in cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. The following chart describes the administrative expense claims of the estate:

<u>Type</u>	<u>Estimated Amount Owed</u>	<u>Proposed Treatment</u>
Expenses Arising in the Ordinary Course of Business After the Petition Date	n/a	Paid in full on the effective date of the Plan, or according to terms of obligation if later
The Value of Goods Received in the Ordinary Course of Business Within 20 Days Before the Petition Date	n/a	Paid in full on the effective date of the Plan, or according to terms of obligation if later
Professional Fees, as approved by the Court.	Estimated Unpaid Fees through Confirmation = \$20,000.00	Paid in full on the effective date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the effective date of the Plan
Clerk's Office Fees	n/a	Paid in full on the effective date of the Plan
Other administrative expenses: Sanctions Payable to the State of WA	\$186,409.00	Paid in full on the effective date of the Plan
Office of the U.S. Trustee Fees	Q3 2019 \$975 Q4 2019 \$975 Q1 2020 \$975	Paid in full on the effective date of the Plan
TOTAL	\$209,334.00	

3.03 Priority Tax Claims. Each holder of a priority tax claim will be paid in full as described below in Article IV, consistent with § 1129(a)(9)(C) of the Code.

3.04 United States Trustee Fees. All fees required to be paid by 28 U.S.C. §1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the effective date of this Plan will be paid on the effective date.

ARTICLE IV
TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

4.01 Claims and interests shall be treated as follows under this Plan:

Class #	Description	Impairment	Treatment
1	The Liquidated Unsecured Claim of Klinedinst, PC Allowed Claim = \$108,961.20	Impaired	Percentage of Claim Paid = 75% The Debtor will pay 75% of the liquidated unsecured claim in one lump sum payment of \$81,720.90 within thirty (30) days of the effective date of the Plan. If the Debtor prevails against the State of Washington and no obligation is owed, the remaining 25% of this claim will be paid to Klinedinst, PC within ninety (90) days of entry of a final non-appealable order. If the State prevails, no additional distribution will be made and the remaining 25% of the allowed claim will be discharged.

2	<p>The Unliquidated Unsecured Claim of the State of Washington arising from <i>State v. Tougher to Raise Taxes, et al.</i> (Thurston County Superior Court case no. 16-2-03891-34) and <i>State v. Eyman, et al.</i> (Thurston County Superior Court case no. 17-2-01546-34)</p>	<p>Impaired</p>	<p>The Thurston County litigation is ongoing as of the submission of this Plan. Accordingly, the amount of the allowed claim has not been liquidated and remains disputed. The State has filed an estimated claim that, if shown to be true, would result in a claim of not less than \$2,362,570.00. The State asserts that this amount is not dischargeable and has filed an Adversary Proceeding. This amount is an estimate only. The Debtor asserts that no money is owed to the State apart from those arising from the Sanctions orders to be paid as an Administrative Claim herein.</p> <p>However, should the State prevail in the Thurston Co. litigation, within sixty (60) days of the effective date of a final, non-appealable order, the Debtor shall begin making payments as provided for herein.</p> <p>If Debtor's is unable to make any of the following payments, including the Balloon Payment described below, Debtor will finance or sell his interest in the Mukilteo residence pursuant to this Plan of Reorganization, in the sole discretion of the Debtor and the co-owner of the home, Karen Eyman. The State shall not compel liquidation of any estate assets, nor shall they be seized through a governmental action to satisfy this judgment. If seized and/or liquidated by the State, said actions shall be a violation of the confirmed Plan subject to sanctions.</p>
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<p>There is no prepayment penalty nor any additional fees incurred in the administration of this obligation. Payments shall continue until the judgment is satisfied in full (100%), as this judgment would be not dischargeable. If the amount of the judgment is less than the estimated amount, Debtor will make payments at \$5000 per month and a balloon of the remaining balance on or before the last payment is due. If greater, the remaining balance after 30 years of regular monthly payments would be added to the balloon payment amount. The balloon payment amount listed herein includes accrued interest at the Federal Judgment Interest Rate.</p>	Interest rate	= 1.55% Fixed (Federal Judgment Interest Rate for November 2019)
	Monthly Amount	= \$5,000.00
	Payment Due Date	= 15th day of the month
	Payments End	= 30 years (360 months) thereafter
	Total Est. from Monthly Pmts	= \$1,800,000.00
	Balloon Due Date	= On or before the final payment is to be due, above.
	Est. Balloon Payment Amount	= \$1,155,784.00 (not dischargeable)
	Total Estimated Payout	= \$2,955,784.00 (not dischargeable)

Class #	Description	Impairment	Treatment
3	Equity interest holders: Timothy Eyman	Not Impaired	As the debtor is an individual, Timothy Eyman will retain his interest in the estate.

ARTICLE V

ALLOWANCE AND DISALLOWANCE OF CLAIMS

5.01 Disputed Claim. A disputed claim is a claim that has not been allowed or disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

5.02 Delay of Distribution on a Disputed Claim. No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

5.03 Settlement of Disputed Claims. The Debtor will have the power and authority to settle and compromise a disputed claim with court approval and compliance with Rule 9019 of the Federal Rules of Bankruptcy Procedure.

ARTICLE VI

PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.01 Assumed Executory Contracts and Unexpired Leases.

(a) The Debtor assumes the following executory contracts and/or unexpired leases effective upon the effective date of this Plan as provided in Article VII:

Name of Other Parties to Lease or Contract	Description of Contract or Lease
-NONE-	

(b) The Debtor will be conclusively deemed to have rejected all executory contracts and/or unexpired leases not expressly assumed under section 6.01(a) above, or before the date of the order confirming this Plan, upon the effective date of this Plan.

ARTICLE VII

MEANS FOR IMPLEMENTATION OF THE PLAN

The funding for the plan is coming from the ongoing income earned as an officer of the Voters Want More Choices PAC, repayment of the VWMC loan to the Debtor, engagement/employment with other like-minded political organizations, and family and community support. The Debtor also has significant savings which will fund the initial distributions under the Plan, as well as the potential sale or refinance of the Mukilteo home during the repayment period.

ARTICLE VIII

GENERAL PROVISIONS

8.01 Definitions and Rules of Construction. The definitions and rules of construction set forth in §§ 101 and 102 of the Code shall apply when terms defined or construed in the Code are used in this Plan.

8.02 Effective Date of Plan. The effective date of this Plan is the first business day of the month, following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the effective date will be the first business day of the month, following that date on which the stay of the confirmation order expires or is otherwise terminated.

8.03 Severability. If any provision in this Plan is determined to be unenforceable, the determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

8.04 Binding Effect. The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors or assigns of such entity.

8.05 Captions. The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

8.06 Controlling Effect. Unless a rule of law or procedure is supplied by federal law (including the Code or the Federal Rules of Bankruptcy Procedure), the laws of the State of Washington govern this Plan and any agreements, documents, and instruments executed in connection with this Plan, except as otherwise provided in this Plan.

ARTICLE IX **DISCHARGE**

9.01 Discharge. Confirmation of the Plan does not discharge any debt provided for in the Plan until the court grants a discharge on completion of all payments in Class 1 under the Plan, or as otherwise provided in § 1141(d)(5) of the Code. Debtor will not be discharged from any debt excepted from discharge under § 523 of the Code, except as provided in Rule 4007(c) of the Federal Rules of Bankruptcy Procedure.

ARTICLE X **OTHER PROVISIONS**

1. Debtor reserves the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by one or more classes of creditors, pursuant to 11 U.S.C. §1129(b).
2. The effective date of this Plan is the first business day of the month, following the date that is fourteen days after the entry of the order of confirmation. If, however, a stay of the confirmation order is in effect on that date, the effective date will be the first business day of the month, following that date on which the stay of the confirmation order expires or is otherwise terminated.
3. All administrative expenses shall be paid on the effective date of the Plan, or as otherwise agreed by the parties without further court order.
4. The Debtor shall act as his own disbursing agent for payments under the Plan.
5. On the effective date of the Plan, all property of the Debtor's estate will vest in the reorganized Debtor pursuant to 11 U.S.C. §1141(b), free and clear of all claims and interests, except that the liens of secured creditors shall be retained until all required payments to the creditors under the Plan are completed.

6. Unless otherwise specified, the following default provisions apply to all creditors:
- a. A “default” shall be defined as the debtor’s failure to make a payment or otherwise perform in accordance with this Plan of Reorganization. The Debtor shall have a 15-day grace period following the due date specified herein, during which time the Debtor may make a cure payment. If no due date is specified, that date shall be the 15th day of the month.
 - b. In the event of default and following the 15-day grace period, the creditor occasioning said default shall give the Debtor 30 days’ Notice of Default and opportunity to cure. If said default is not cured within 30 days from the date of the Notice, the creditor shall be entitled to relief from the stay under this Plan without further court order, and may enforce any state or federal collection rights that may exist, or as otherwise provided in this Plan for default remedies.
7. Creditors nor any third party on their behalf may not take any actions (including, without limitation, lawsuits or other legal actions, levies, attachments, or garnishments) to enforce or collect either pre-confirmation obligations or obligations due under the Plan, so long as the Debtor are not in material default under the Plan and the creditor has not been granted relief from the stay. Provided that the Debtor does not materially default under the Plan, creditors shall be prohibited from taking any enforcement or collection actions or any kind against the Debtor.
8. In the event a dispute arises as to the interpretation post-confirmation of this Plan or the payment terms therein, the Bankruptcy Court shall retain jurisdiction over the Debtor and the claims administered herein even if the case has been closed administratively, prior to entry of the Order of Discharge.
9. Any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing (including, without express or implied limitation, by facsimile transmission and email), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made within actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:
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| Timothy Eyman
c/o Larry B. Feinstein
929 108 th Ave NE, Ste 1200
Bellevue, WA 98004 | Phone: (206) 223-9595 and 425-643-9595
Fax: (206) 386-5355
Email: feinstein1947@gmail.com and
kpscordato@gmail.com |
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10. The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors and assigns of such entity.

Respectfully Submitted,

/s/ Timothy D. Eyman

Timothy D. Eyman, Debtor

/s/ Larry B. Feinstein

Larry B. Feinstein, WSBA #6074

Kathryn P. Scordato, WSBA #41922

Attorney for Debtors